



State of the District

Report

April 9 2018

Fiscal State and Forecast

Since 2010 through into the future, developments have had a significant impact on our District budget and our ability to maintain programming.

- Act 10 – State's obligation to balance the budget
 - \$1.5 billion taken out of the State education budget (first time in history to cut revenue to schools)
 - Potosi has lost over \$870,000 in revenue since Act 10
 - Cut Expenses too – health insurance contributions (13%) and pension contributions (50%)
 - Potosi made over \$455,000 in programming cuts over the last 3 years because the cuts in revenue didn't equal the cuts in expenses.
 - Increased aid to charter and voucher schools
 - A decrease of \$1 million in state aid to our School alone
- Several variables impact our District's budget:
 - Enrollment and open enrollment (in and out)
 - State aid – increase/decrease and the aid that goes to fund the charter and voucher schools
 - Revenue limits – limit the amount the School can levy
 - Increasing costs annually – energy, health insurance, fuel, etc.
- Increased costs of hiring new teachers – pool of candidates decreases each year
- Responsibility to offer our students the best education we can

We Have Been Fiscally Responsible over the last Three (3) Years:

2014

| | <u>Savings:</u> |
|--|------------------|
| • 0.5 FTE Guidance Position Eliminated | \$18,000 |
| • Reduced Library Support Hours | \$ 5,000 |
| • 1.0 FTE Custodian Eliminated | \$38,000 |
| • Restructured Food Service Staffing Reducing From 23 to 17 hours per day | \$17,000 |
| • Reduced from 6 bus routes to 5 bus routes | \$40,000 |
| TOTAL | \$118,000 |

2015

| | |
|------------------------------------|------------------|
| • 1.0 FTE Foods Teacher Eliminated | \$61,500 |
| • 1.0 FTE Math Teacher Eliminated | \$38,000 |
| • 0.6 FTE Art Teacher Eliminated | \$20,500 |
| • 0.5 FTE Custodian Eliminated | \$16,000 |
| • New Staff Savings: | |
| -MS English Teacher | \$ 9,500 |
| -MS Science Teacher | \$ 5,000 |
| -K-12 Art Teacher | \$23,500 |
| TOTAL | \$174,000 |

2016

| | |
|---|------------------|
| • 2.0 FTE Elementary Teacher Positions Eliminated | \$99,500 |
| • 0.5 FTE HS At-Risk Teaching Position Eliminated | \$24,000 |
| • 0.5 FTE Administrative Position Eliminated | \$24,500 |
| • New Staff Savings | \$15,000 |
| TOTAL | \$163,000 |

GRAND TOTAL \$455,000

Programming and Position Cuts Summary Over Last Several Years:

- From (2) Guidance to (1) K-12 Guidance
- From (2) Principals to (1) K-12 Principal
- From (2) Art Teachers to (1) K-12 Art Teacher
- From (2) HS Math Teachers to (1) HS Math Teacher
- From (4) Cook Helpers to (2) Cook Helpers
- From (1) Foods Teacher to (0) Foods Teacher
- From (3.5) Custodians to (2) Custodians
- From (6) Bus Routes to (5) Bus Routes
- From (6) Teacher Aides to (4.5) Teacher Aides
- From (10) Elementary Classroom Teachers to (8)
- Restructured our Health Insurance several times
- From (4) Pupil Services Staff to (1) Pupil Services

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The Challenges we are Facing

Teacher Shortages – Especially in hard to fill positions, but also in most all positions:

- Math -Science -English -Agriculture -Tech Ed. -Business Ed.
- Speech and Language -Special Ed.

Lower Quality of teaching candidates in the applicant pool

Losing Teachers to other districts for higher salaries

All of the above drive up the salaries of teachers, especially talented and desired teachers. There is a delicate balance of recruiting teachers, and retaining teachers (while competing against other districts).

If we are the lowest paying district in the region, staff will either go elsewhere or get a couple of years' experience and be recruited by another district with higher salaries.

At the same time, we have an obligation to put the best available teachers in our classrooms in Potosi.

The numbers are the numbers. No one screwed up. The challenging part is what we do about the numbers.

The real issue ---- **the funding formula's design.** Revenue limits are different across the state and range from \$9,100 to \$22,000 per pupil. School districts are treated differently under the revenue limits. Unless our student population increases, we will be seeing the same fiscal situation.

The last thing we want to do is ask for help. We are at a point that we have to make more cuts. What do we cut? We have an obligation to continue to provide a high quality education to our students.

Annual Comparison of Data

2017-18 = lowest Revenue Limit ever = \$3,699,304

2017-18 Revenue Limit is \$870,981 less than it was 7 years earlier (2010-11).

| | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 | 17-18 |
|---|-------------|---------------|-----------------------|------------------------|----------------------|---------------|----------------------|----------------------|----------------------|----------------------------|-------------|
| Total FTE | 383 | 379 | 367 | 346 | 334 | 336 | 313 | 313 | 319 | 317 -29 from 2010-11 | 317 |
| Rev. Limit | \$4,350,799 | \$4,480,201 | \$4,576,677 | \$4,620,981 | \$4,136,662 | \$3,835,482 | \$3,858,749 | \$3,791,181 | \$3,830,615 | \$3,860,475 | \$3,699,304 |
| State Aid | \$2,997,444 | 3,100,063 | \$2,920,022 | \$2,718,148 | \$2,446,857 | \$2,461,859 | \$2,438,216 | \$2,124,707 | \$2,213,117 | \$2,168,502 | \$2,175,412 |
| Equalized Value | 126.748 M | 136.004 M | 138.486 M | 135.229 M | 131.376 M | 133.643 M | 134.915 M | 138.249 M | 144.043 M | 145.764 M | \$151,489M |
| Declining Enrol. Exempt. Hold Harmless Exempt. | \$10,846 | \$46,311 0 | \$142,787 \$66,986 | \$254,077 \$180,678 | \$137,202 180,678 | \$22,967 0 | \$46,234 \$21,334 | \$81,434 \$56,834 | \$69,801 \$69,801 | 0 0 | 0 0 |
| TOTAL Exemptions | \$10,846 | \$46,311 | \$209,773 | \$434,755 | \$317,880 | \$22,967 | \$67,568 | \$138,268 | \$139,602 | 0 | 0 |
| All Fund Levy | \$1,415,524 | \$1,460,564 | \$1,629,163 | \$1,683,546 | \$1,768,328 | \$1,585,711 | \$1,595,533 | \$1,747,651 | \$1,782,335 | \$1,803,888 | \$1,876,277 |
| General Operation Fnd 10 | \$1,292,000 | \$1,340,530 | \$1,555,148 | \$1,563,225 | \$1,650,197 | \$1,333,405 | \$1,420,533 | \$1,747,908 | \$1,607,498 | \$1,691,307 | \$1,534,896 |
| Referendum Fnd 38 | \$81,835 | \$79,988 | \$34,120 | \$80,895 | \$78,670 | \$212,229 | \$175,000 | 0 | \$175,000 | \$112,581 | \$341,381 |
| Non Ref. Fnd 38 | \$39,608 | \$39,608 | \$39,608 | 39,608 | 39,608 | \$40,218 | 0 | 0 | 0 | 0 | 0 |
| Energy Efficiency Act 28 | | | | | | | 0 | 0 | 0 | \$170,000 | 0 |
| Mill Rate | 11.17 | 10.74 | 11.76 | 12.45 | 13.46 | 11.87 | 11.83 | 12.64 | 12.37 | 12.40 | 12.39 |

Projected
March 2017

Financial Consultant Forecast for Potosi School District

These are Baird's best estimates and scenarios based on a lot of variables

Variables still not yet finalized:

- our tentative budget assumptions
- State's budget not yet adopted
- Student count changes (2 open enrollment students = \$13,000)
- Property Valuation
- Insurance rate
- Revenue Limit

Referendum-Energy Efficiency Exemption (EEE) Scenarios Tab:

Use this tab to compare multiple model scenarios on one page.

Current Scenario

| | '15-'16 | '16-'17 | '17-'18 | '18-'19 | '19-'20 | '20-'21 | '21-'22 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fund 10 Revenues | \$4,435,317 | \$4,592,716 | \$4,423,011 | \$4,453,342 | \$4,433,145 | \$4,436,320 | \$4,439,525 |
| Fund 10 Expenditures | \$4,421,183 | \$4,592,716 | \$4,412,911 | \$4,553,200 | \$4,704,029 | \$4,863,380 | \$5,033,580 |
| Surplus (Deficit) | \$14,134 | (\$0) | \$10,100 | (\$99,858) | (\$270,884) | (\$427,060) | (\$594,055) |
| Fund Balance | \$1,333,169 | \$1,333,169 | \$1,343,269 | \$1,243,412 | \$972,528 | \$545,468 | (\$48,587) |
| Fund Balance as % of Expenditures | 30.15% | 29.03% | 30.44% | 27.31% | 20.67% | 11.22% | -0.97% |
| NR Referendum \$ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Rec Referendum \$ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EE Exemption \$ | \$0 | \$170,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fund 39 Debt Levy | \$175,000 | \$112,581 | \$281,381 | \$207,651 | \$203,713 | \$196,700 | \$196,700 |
| Total School-Based Tax Levy | \$1,782,335 | \$1,806,998 | \$1,816,727 | \$1,749,809 | \$1,684,879 | \$1,634,570 | \$1,569,689 |
| Mill Rate- Current Scenario | \$12.37 | \$12.40 | \$12.40 | \$11.89 | \$11.39 | \$10.99 | \$10.64 |

Base Scenario 5/2/17

| | '15-'16 | '16-'17 | '17-'18 | '18-'19 | '19-'20 | '20-'21 | Base '21-'22 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fund 10 Revenues | \$4,435,317 | \$4,592,716 | \$4,423,011 | \$4,453,342 | \$4,433,145 | \$4,436,319 | \$4,439,525 |
| Fund 10 Expenditures | \$4,421,183 | \$4,592,716 | \$4,412,911 | \$4,553,200 | \$4,534,029 | \$4,536,320 | \$5,033,580 |
| Surplus (Deficit) | \$14,134 | (\$0) | \$10,100 | (\$99,858) | (\$100,884) | (\$100,000) | (\$594,055) |
| Fund Balance | \$1,333,169 | \$1,333,169 | \$1,343,269 | \$1,243,412 | \$1,142,528 | \$1,042,528 | \$448,473 |
| Fund Balance as % of Expenditures | 30.15% | 29.03% | 30.44% | 27.31% | 25.20% | 22.98% | 8.91% |
| NR Referendum \$ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Rec Referendum \$ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| EE Exemption \$ | \$0 | \$170,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Fund 39 Debt Levy | \$175,000 | \$112,581 | \$281,381 | \$207,651 | \$203,713 | \$196,700 | \$196,700 |
| Total School-Based Tax Levy | \$1,782,335 | \$1,806,998 | \$1,816,727 | \$1,749,809 | \$1,684,879 | \$1,634,570 | \$1,669,525 |
| Mill Rate- Base | \$12.37 | \$12.40 | \$12.40 | \$11.89 | \$11.39 | \$11.27 | \$11.17 |

Questions...